



The City of Rye, New York
Department of Finance

2001 Annual Report to the City Manager

Prepared January 31, 2002
Michael A. Genito, City Comptroller

The finance department is pleased to submit its 2001 annual report to the city manager:

Programs and Functional Units

Following is a brief description of the programs and functional units (sometimes known as “cost centers”) of the finance department. All provide support services to internal and external customers of the finance department and the city:

General Accounting Program – consists of the finance administration, general accounting, and accounts payable functional units. Finance administration provides coordination and supervision of all finance department activities, and determines the priorities and scheduling of finance activities in coordination with the city manager’s office. General accounting coordinates the flow of financial information from subsidiary systems to the general ledgers, and provides various financial reports and analyses as required or desired by law, charter, or management. Accounts payable audits all purchase requisitions, purchase orders, and claims for payment or reimbursement submitted by vendors and city personnel, and issues vendor checks against the claims approved by management.

Treasury Program – consists of the treasury functional unit and traffic violations bureau functional unit. Treasury provides cash management of all city funds, property tax billing and collection, accounts receivable, cash receipts, miscellaneous billings, and the investment of idle funds. The traffic violations bureau provides for the billing and collection of parking violations, the entry of collections into the city’s financial system, and the distribution of various reports.

Payroll Program – Both a program and functional unit, payroll audits payroll information submitted by departments, processes and distributes payroll checks, inputs payroll summary data into the city’s financial system, and provides financial information and reports concerning salaries, wages, and benefits.

Staffing

Staffing of the finance department consists of the city comptroller, a deputy city comptroller, an accountant, two senior account clerks, an office assistant and a cashier. All of these positions are full-time positions.

The Year in Review

Fiscal 2001 was a very active year for the finance department. We began very early with the implementation of a “hunt group” feature on our phone system. Before this feature was installed, a call coming in to a busy line would jump only to our main phone, and if that were busy, the caller would have to redial later. With the hunt group, the call continues to be redirected until an open line is found. It was evident within the first few weeks of installation that this not only benefited our customers, but as well allowed us to address customer issues more efficiently. Another customer service initiative was the implementation of card payment (credit card)

acceptance for the payment of property taxes. The customers who have taken advantage of this new service have been very pleased with it, and we expect the user base to expand going forward.

In coordination with the Assessor's office, we implemented three new software applications related to property tax billing and collection: an assessment system, a property tax billing and collection system, and a property tax lien system. All three Windows-based applications replaced similar character-based systems. The Windows-based products integrate more readily with today's technology and offer a growth path into the future.

We take great pride in our attention to proper records management. In fiscal 2001 we sent to the recycling bin 73 cubic feet of paper records that were beyond their retention period, and 114 cubic feet of inactive or permanent paper records were microfilmed. This not only freed up 187 cubic feet of storage space in city hall, but as well demonstrated our commitment to records management, facilitated the access to and integrity of inactive records, and preserved in accordance with state requirements our permanent records. All records management was properly coordinated with the City Clerk, who is the official Records Management Officer for the city.

Cash management was improved in 2001, as we initiated online banking with our major banks. This feature allows us to obtain and review banking information easily through a desktop computer. Internal control and security is maintained for services such as funds transfers, which can only be performed by authorized, password-protected individuals and only for accounts pre-authorized in writing from city management.

A major project was the development of an implementation plan for the Governmental Accounting Standards Board Statement Number 34 ("GASB 34"), which requires a new entity-wide perspective in our annual financial report. The GASB itself has noted that this is the most monumental change in governmental financial reporting history, and it requires significant planning to implement. In 2001 we established a GASB 34 working group in the finance office, which reviewed the requirements of GASB 34, our current accounting and reporting structure, and the necessary changes that would be required to comply with GASB 34. While our required date of implementation is the fiscal year ending December 31, 2003, we intend to early implement.

The finance department actively worked with the city manager's office to re-develop the annual budget document and six-year capital improvement plan document. We also assisted in the performance evaluation, performance measurement, and customer service initiatives of the city manager's office. We published our fiscal 2000 comprehensive annual financial report ("CAFR") and received the GFOA Excellence in Financial Reporting Award for our fiscal 1999 CAFR. We prepared and published our quarterly financial statements. Our 2000 Financial Trends Report was published in paper form and an electronic version posted to the city's web site.

Statistics

Following are some selected statistics concerning regular activities of the finance department:

<u>Number of:</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Cash Receipts Processed	7,159	3,278	5,310	5,276	5,299
Purchase Orders Processed	741	424	606	574	599
Claims Processed	3,273	*	*	*	*
Accounts Payable Processed	*	8,019	8,209	8,646	9,602
Checks Processed	*	4,102	4,699	5,057	4,963
City Tax Bills	4,875	4,820	4,820	4,830	4,687
County Tax Bills	4,875	4,820	4,820	4,830	4,814
School Tax Bills	392	423	423	422	415
Regular Payrolls	26	27	26	26	26
Local Pension Payrolls	24	24	24	24	24
Special Payrolls	2	5	5	2	1

* In 1998 the city installed a new financial management system. Data is captured differently than it was with the prior system.

Other Items

2001 was the first year performance measurements were put into place. Attached to this report is a copy of our performance measures for fiscal 2001 and our targets for 2002. The coming year will be challenging as we complete our implementation of GASB 34 and a GASB 34 compliant fixed asset system. It should be remembered that the finance staffing is as it has been since 1997, despite the added mandates of city initiatives and those of the GASB. Our goal for the future will be to meet the challenges in a way that will minimize disruption and enhance service to our customers.

Respectfully submitted,



Michael A. Genito
City Comptroller
January 31, 2002

Purpose: To ensure the accurate accounting, disbursement and safeguarding of city funds by maintaining accounting and fixed asset records and issuing reports in conformance with generally accepted accounting principles; reviewing transactions to ensure compliance with applicable regulations, policies and requirements; and paying accounts payable in an accurate and timely manner.

Descriptors: Dollar value of General Fund: \$20,162,259; Dollar value of payroll: \$11,331,277; Number of employees: 173.5; Number of funds: 20

OUTCOME/EFFECTIVENESS MEASURES		Baseline Data FY 2000	Current Year Data FY 2001	Target	Comments/Definition
1	Percent of cash disbursements processed within 7 calendar days of receipt in Finance Department	99.0	99.4	99	System date of entry to actual check issue date.
2	Average number of days to pay invoice from date of receipt in Finance Department	19	17	15	System date of invoice to actual check issue date.
3	Percent of purchase orders processed without being returned to department for information	10	10	5	Estimated by accounts payable clerk. Log required for more accurate tracking.
4	Percent of encumbrances made prior to purchases	12.6	12.5	25	System account payable transactions referencing a purchase order number.
5	Percent of time books are closed by the tenth working day of the following month	0	0	0	Need refined definition of "closed" due to continuous nature of electronic system.
6	Percent of users reporting that the department reports are easy to understand and use	N/A	N/A	90	Internal customer survey to be developed in 2002.
7	Average number of working days to post receipts from time of receipt in Finance Department	1	<1	1	System entry date to actual posting date.
8	Percent of receipts recorded/posted accurately	96.3	96.9	98	System log of receipt adjustments.
9	Number of audit exceptions to internal control procedures	8	N/A	10	Per audit management letter. Fiscal 2001 audit to be completed ~June 2002.
10	Percent of customers rating the timeliness of the purchasing process as good or better	N/A	N/A	90	Internal and external customer survey to be developed in 2002.
11	Percent of vendors rating the city's process as fair and equitable	N/A	N/A	95	External customer survey to be developed in 2002.

OUTCOME/EFFECTIVENESS MEASURES		Baseline Data FY 2000	Current Year Data FY 2001	Target	Comments/Definition
12	Percent of vendors rating the ease of participating in the city's purchasing process as good or better	N/A	N/A	90	External customer survey to be developed in 2002.
13	Percent of customers rating the following as good or better: <ul style="list-style-type: none"> ▪ Staff knowledge ▪ Staff courtesy ▪ Speed of service ▪ Quality of service ▪ Forms 	N/A	N/A	90	Internal and external customer survey to be developed in 2002.

EFFICIENCY MEASURES		Baseline Data FY 2000	Current Year Data FY 2001	Target	Comments/Definition
1	Number of checks issued per FTE	1366	1341	1350	
2	Cost per check issued	\$13.72	\$15.29	\$14.50	Checks to po's issued=90%, use 90% of AP cost center total cost.
3	Number of purchase orders processed per FTE	155	162	568	Departments should issue purchase orders when total order is => \$500

KEY WORKLOAD MEASURES		Baseline Data FY 2000	Current Year Data FY 2001	Target	Comments/Definition
1	Number of checks issued to vendors	5057	4963	4850	Depends on vendor activity.
2	Number of purchase orders processed	574	599	750	Encourage po's for purchases =>\$500.
3	Number of purchase orders issued	574	599	750	
4	Number of internal control reviews completed	1	0	1	Part of annual audit.

Purpose: To safeguard funds of the city, maximize the return on investments, and ensure the timely, accurate and equitable collection of revenues due to the City by billing, monitoring, collection and receipt of real property taxes, parking violations and meter revenue, and other obligations due to the city.

Descriptors:

Number of parcels: 4,840; Amount of revenue collected by source: Property taxes \$10,523,751; Parking violations \$268,069; Miscellaneous billing \$164,208; Total taxable assessed value: \$133,384,128; Number of full-time equivalents: 2.8; Systems used: Property tax billing, parking violations, miscellaneous billing

OUTCOME/EFFECTIVENESS MEASURES		Baseline Data FY 2000	Current Year Data FY 2001	Target	Comments/Definition
1	Average annual rate of return on investments	6.0	4.2	2.0	Subject to legally authorized investments.
2	Average day maturity of interest-bearing deposits and investments	53	59	45	Per treasury investment report.
3	Liquidity ratio	5.3:1	5.8:1	2:1	Cash and short-term investments divided by current liabilities
4	Percent of liquid funds invested	95.3	81.6	90	Per year-end balance sheet.
5	Total investment income	\$1,255,114	\$721,618	\$500,000	Per treasury investment report.
6	Investment interest rate earned as a percent of the 3 month T bill rate	103	119	100	
7	Accuracy of bills issued	99	99	99	Most errors generated externally.
8	Investment revenue as a percent of total revenues	4.4	2.9	1.5	
9	Percent of parking violations fines and costs collected	N/A	N/A	70	Parking violation system vendor researching reporting capability.

EFFICIENCY MEASURES		Baseline Data FY 2000	Current Year Data FY 2001	Target	Comments/Definition
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EFFICIENCY MEASURES		Baseline Data FY 2000	Current Year Data FY 2001	Target	Comments/Definition
1	Collection costs as a percent of dollars collected	0.64	0.66	0.65	Use total operating expenditures for collection activity, including personnel and materials and supplies
2	Dollars collected per FTE	\$10,957,785	\$11,143,925	\$12,500,000	
3	Number of bills issued per FTE	3,833	3,713	3,750	
4	Number of parking violations disposed per FTE	2,679	3,485	3,393	
5	Number of contested parking violations handled per FTE	157	86	107	
6	Hours of bill stuffing per FTE	23	23	23	

KEY WORKLOAD MEASURES		Baseline Data FY 2000	Current Year Data FY 2001	Target	Comments/Definition
1	Average value of funds invested	\$20,967,676	\$17,211,194	\$18,000,000	Per treasury report.
2	Dollar amount of current liabilities	\$3,149,603	\$2,568,068	\$2,500,000	Per year end balance sheet.
3	Dollar amount invested in CDs	\$12,815,546	\$9,004,329	\$10,000,000	Per treasury report.
4	Number of bills issued	10,731	10,396	10,500	Tax and miscellaneous bills.
5	Dollars collected from bills issued	30,681,798	31,202,990	35,000,000	Tax and miscellaneous bills.
6	Number of delinquent accounts billed	152	173	165	Tax and miscellaneous bills.
7	Number of new accounts established	N/A	N/A	N/A	Immaterial activity.
8	Number of parking violations issued	6,935	9,692	9,500	
9	Number of violations disposed	7,501	9,759	9,500	
10	Number of persons contesting violations	439	240	300	Per parking violations bureau report.
11	Number of tickets processed	14,435	19,751	19,000	Violations issued and disposed.
12	Total parking meter revenue collected	\$46,954	\$50,909	\$50,000	
13	Number of hours spent bill stuffing	65	65	65	Tax billing requires extensive inserts.

Purpose: To ensure the accurate accounting, disbursement and safeguarding of City funds by managing the payroll in an accurate and timely manner and reviewing transactions to ensure compliance with applicable regulations, policies and requirements.

Descriptors: Type of accounting system used: ADP payroll service; Dollar value of payroll: \$11,331,277; Number of employees: 173.5; Number of funds: 20

OUTCOME/EFFECTIVENESS MEASURES		Baseline Data FY 2000	Current Year Data FY 2001	Target	Comments/Definition
1	Percent of payroll checks issued: ▪ on time ▪ without error	99.9	99.9	99.9	Based on data provided by the departments
2	Percent of payroll checks issued with a supplemental run or manual check	N/A	0.38	0.25	
3	Average time to effect change in payroll status	1 pay period	1 pay period	1 pay period	

EFFICIENCY MEASURES		Baseline Data FY 2000	Current Year Data FY 2001	Target	Comments/Definition
1	Number of payroll checks issued per FTE	N/A	13,612	13,800	Includes direct deposit
2	Cost per payroll check issued	N/A	\$9.75	\$10.50	Total expenditures payroll cost center divided by number of checks issued
3	Number of payroll changes per FTE	64	52	40	

KEY WORKLOAD MEASURES		Baseline Data FY 2000	Current Year Data FY 2001	Target	Comments/Definition
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KEY WORKLOAD MEASURES		Baseline Data FY 2000	Current Year Data FY 2001	Target	Comments/Definition
1	Number of payroll checks issued: <ul style="list-style-type: none">• Regular• Separate/Additional/Special	N/A N/A	6806 36	6900 24	Includes direct deposit
2	Number of reports submitted to state and federal agencies	266	266	266	Defined by state and federal laws, rules, and regulations.
3	Number of payroll changes received	32	26	20	Includes changes such as marital status, address, withholding allowances, etc.